

**Commonwealth of Massachusetts  
Department of Telecommunications and Energy  
Fitchburg Gas and Electric Light Company  
Docket No. D.T.E. 02-24/25  
Responses to the Attorney General's Fifth Set of Information Requests**

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**Request No. AG-5-27 (Electric)**

Why are you using the average incremental cost from 1989-2001 for "primary investments" when there appears to be an increasing trend?

**Response:**

In Schedule JLH-3 (Electric), Table 2, page 1, four possible proxies for long run marginal cost are shown. If the regression results are sufficiently robust and confirmed by the anecdotal information provided by engineering staff, the regression is employed. In this instance, the regression estimate is not sufficiently robust even though it agrees with anecdotal information. The regression estimate provides the lowest of the four estimates. The more recent average incremental cost figures suggest exceptional large estimates of marginal cost, which contradict the anecdotal information and therefore, were discounted. By the process of elimination the long term average was selected. As suggested in note 5, the long term average was used as the Marginal Cost estimate because the regression was not statistically valid.

**Person Responsible:** James L. Harrison